

11 January 2024

Honorable Judge John Dorsey
824 N Market St
5th Floor, Courtroom 5
Wilmington, DE 19801
302-533-3169

RECEIVED

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CLERK
US-BANKRUPTCY COURT
DISTRICT OF DELAWARE

Re: OBJECTION to Motion of Debtors to estimate claims based on digital assets, Case No. 22-11068 (JTD), Hearing Date: January 25, 2024 at 10:00 am. (ET)

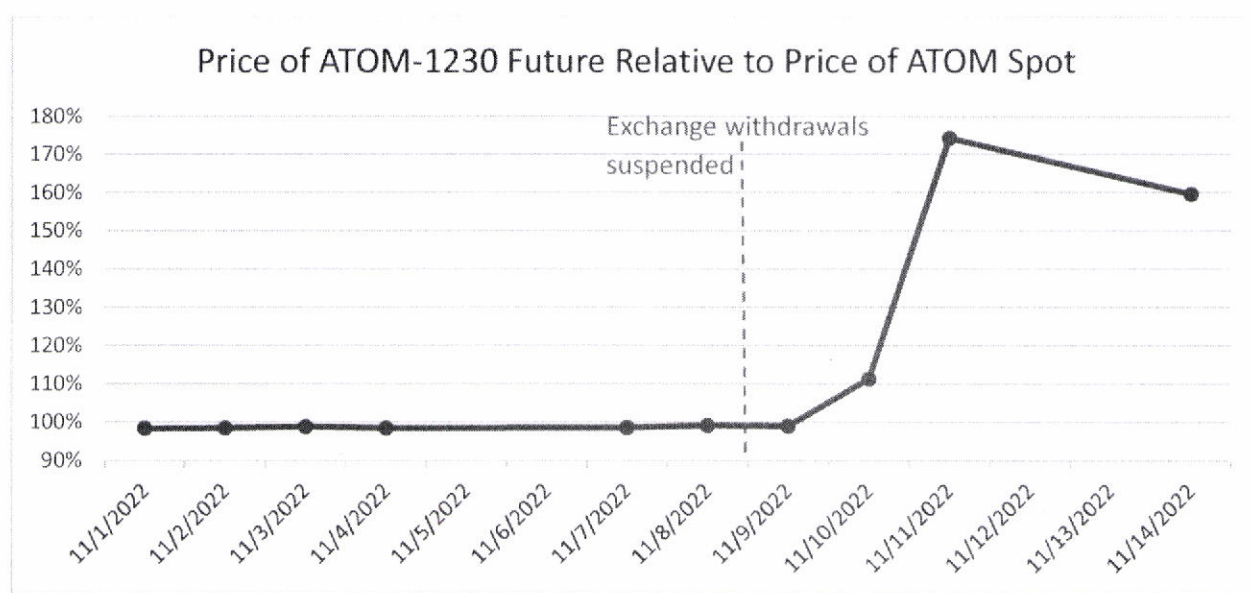
Dear Judge Dorsey,

I hope this letter finds you well. I am writing to formally object to the Debtor's request for an order to estimate claims based on the amounts set forth in the Digital Assets Conversion Table. This methodology, I believe, is **grossly inequitable and unfair to customer creditors who held futures positions on FTX.com** when it filed for bankruptcy.

I am a customer creditor, with significant futures positions on FTX.com. The motion by the Debtors proposes to use the last trade price from the order books on FTX.com as the conversion price for futures positions. Under normal market conditions, this is the correct approach as market forces will guarantee that the price of a future is closely linked to the spot price of the underlying asset. For example, if the price of a future is trading much higher than the corresponding spot asset, arbitragers can sell the future and buy the spot to profit the difference over the remaining life of the futures contract.

However, **the last trade for futures contracts did not happen under normal market conditions, and hence market forces could not be applied. The last trade happened multiple days after exchange withdrawals were suspended and multiple days after the exchange filed for bankruptcy.** There was significant credit risk in trading on the exchange after these events, and as a result, arbitragers were unwilling to play their role maintaining the economic relationship between spot and futures prices. This resulted in the price of futures trading at wildly dysfunctional levels relative to the underlying spot asset. The two experts that the Debtors rely on, Dr. Howell and Mr. Lu, fail to recognize this in their declarations.

For example, the graph below shows the change in the relationship between the spot and the December 30th 2022 future price for ATOM on FTX.com, based on the historical data I have saved. The future was trading near parity with the spot under normal market conditions. After customer withdrawals were suspended, the futures market became dysfunctional due to the lack of market forces. The price of the future soared over 50% relative to the price of the spot in the days, even though the two prices would have been equal on December 30th 2022 when the future expires. It is grossly inequitable for customer creditors who have short positions on ATOM-1230 to accept this distorted, inflated value as the conversion price.



In light of the above, I respectfully request that the court deny the motion and assess a fair and equitable conversion price for customer creditors' futures positions.

Thank you for your consideration.

Sincerely,

Ngu Yin Mar

DocuSigned by:

Ngu Yin Mar

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